





May 29, 2020

Angela D. Garner, MPH, Director Division of System Reform Demonstrations State Demonstrations Group Centers for Medicare & Medicaid Services 7500 Security Boulevard, Mail Stop S2-25-26 Baltimore, MD 21244-1850

Dear Ms. Garner:

RE: Section 1115 Demonstration Waiver Amendment for the inclusion of the adult expansion category as a Medicaid eligibility group under the Demonstration.

The Nebraska Department of Health and Human Services, Division of Medicaid and Long-Term Care hereby submits the attached Section 1115 Substance Use Disorder Demonstration Waiver Amendment to extend the expenditure authority authorized under the demonstration to individuals eligible under the adult expansion category as defined in 42 CFR 435.119.

This demonstration amendment is being requested to ensure that Medicaid beneficiaries eligible under the adult expansion category struggling with substance use disorders can receive treatment in the most appropriate and cost-effective setting.

Nebraska is requesting an effective date of October 1, 2020, for this amendment to coincide with the start of the Medicaid adult expansion program.

Nebraska Section 1115 SUD Amendment I May 29, 2020 Page 2

The Department has worked closely with CMS in the development of this waiver amendment and appreciates the guidance CMS has provided throughout this process. We look forward to working with CMS in its review of this amendment.

Sincerely,



Jeremy Brunssen, Interim Director Division of Medicaid and Long-Term Care Department of Health and Human Services

Nebraska Medicaid

Section 1115 Substance Use Disorder Demonstration Program

A Member-Centered, Community-Focused Approach to Serving Those with Substance Use Disorders.

Amendment I

May 29, 2020

Summary

The State of Nebraska's Department of Health and Human Services (the Department) is requesting approval from the Centers for Medicare and Medicaid Services (CMS) for an amendment to the state's Section 1115 Substance Use Disorder (SUD) demonstration to authorize federal Medicaid financial participation (FFP) for the coverage of SUD treatment-related inpatient stays in Institutions for Mental Diseases (IMDs) for the adult expansion population.

Nebraska's 1115 SUD demonstration was originally approved on June 28, 2019 with an effective date of July 1, 2019. The demonstration authority permits the Nebraska Medicaid program to receive FFP for the coverage of SUD treatment-related IMD stays for adults age 21-64. More specifically, the authority allows Nebraska Medicaid flexibility to include in managed care capitation rate development IMD stays that exceed the 15-day limit found in 42 CFR 438.6(e).

Overview

Within the budget neutrality analysis provided for initial 1115 SUD demonstration application, Nebraska identified the following impacted Medicaid eligibility groups (MEGs):

- 1) Family
- 2) Aged, Blind, and Disabled Adults
- 3) Beneficiaries dually eligible for Medicare and Medicaid

The State of Nebraska has announced its intent to expand Medicaid coverage to able-bodied adults age 19-64 with incomes up to 138% of the Federal Poverty Line (FPL) as described in 42 CFR 435.119. Medicaid coverage for expansion adults is scheduled to begin October 1, 2020.

Coinciding with Medicaid expansion, the state is seeking to add the adult expansion population as an additional MEG under the 1115 SUD demonstration program.

Demonstration Eligibility

The amendment seeks to add the adult expansion population (42 CFR 435.119) as an impacted Medicaid eligibility group under the demonstration program. Medicaid eligibility requirements under the demonstration will not differ from the approved Medicaid state plan requirements anticipated to be in effect on October 1, 2020.

Demonstration Area

The demonstration will operate statewide.

Demonstration Timeframe

The approved demonstration is currently for five years from July 1, 2019 through June 30, 2024. Nebraska Medicaid is requesting the amendment be approved with an effective date of October 1, 2020 to coincide with the anticipated start of Medicaid coverage for the adult expansion population.

Demonstration Cost Sharing Requirements

There is no beneficiary cost sharing required under this demonstration and the proposed amendment does not alter that.

Demonstration Delivery System

The delivery system will continue to be the Heritage Health Medicaid managed care program that utilizes capitated Medicaid managed care plans to provide Medicaid state plan and 1915(b) authorized behavioral health services. Heritage Health will continue to operate as approved under Nebraska Medicaid's 1915(b) waiver. The state's 1915(b) waiver is also being amended to add the adult expansion population as a mandatory managed care eligibility category.

Demonstration Benefits

As of the submission of this amendment, Nebraska Medicaid intends for adult expansion beneficiaries to be covered by one of two Medicaid state plan authorized Alternative Benefit Plans.

The first plan, the Nebraska Basic Alternative Benefit Plan, provides benefits equivalent to the current state plan with the exception of dental services, vision services, and over-the-counter medications.

The second plan, the Nebraska Prime Alternative Benefit Plan, will provide benefits equivalent to the current state plan including dental services, vision services, and over-the-counter medications.

As of the release of this proposed amendment for public comment, most beneficiaries eligible for Medicaid under the adult expansion group will receive the Nebraska Basic benefits package. Beneficiaries eligible under the adult expansion category who are 19 & 20 years old, pregnant women, or determined to be medically frail will receive the Nebraska Prime benefits package.

Both the Nebraska Prime and Nebraska Basic Alternative Benefit Plans will provide the full continuum of SUD treatment services currently available to beneficiaries through the Medicaid state plan and 1915(b) waiver authority.

As outlined in Attachment C to the Special Terms & Conditions of the SUD demonstration, Nebraska is adding Medicaid state plan coverage for Medically-monitored Inpatient Withdrawal Management (ASAM 3.7 WM) and Opioid Treatment Program. The state plan amendments for these services were submitted on March 31, 2020 and are under review by CMS. Both services will be available to the adult expansion population.

Evaluation Design

Nebraska's draft 1115 SUD demonstration evaluation design submitted on April 30, 2020 was inclusive of the adult expansion population. Therefore the state does not anticipate additional modifications to the evaluation design as a result of this amendment to the demonstration.

Demonstration program hypotheses and measures are detailed in Table 1. The proposed amendment does not alter the demonstration program hypotheses or measures.

Aim	Hypothesis	Measure Description
	- Hypothesis	incubar e pesar iption
	The demonstration will Increase access to evidence-	Number of beneficiaries who use residential
	based residential SUD treatment	services for SUD
	The demonstration will Increase access to services	Number of beneficiaries who use withdrawal
	for withdrawal	managementservices
	The demonstration will Increase access to MAT	Number of beneficiaries who have a claim for
		MAT for SUD
Access		
		Number of providers enrolled in Medicaid
		and qualified to deliver MAT for SUD service.
	The demonstration will Increase capacity for SUD	Number of beneficiaries receiving any SUD
	treatment	treatment service
		Number of providers enrolled in Medicaid
		and qualified to deliver SUD services
		·
		Number of beds available in IMD facilities
		providing SUD services
	The demonstration will Improve rates of initiation,	Percentage of beneficiaries who initiated
	engagement, and retention in treatment for SUD	treatment within 14 days of a new SUD
		diagnosis
		Percentage of beneficiaries who initiated
Quality		treatment and who had two or more
		additional services for SUD within 34 days of
		the initiation visit.
		Percentage of a dults receiving MAT for OUD
		who have at least 180 days of continuous
		treatment
	The demonstration will Improve continuity of care	Number of a cute in patient stays a mong
	for members with SUD	beneficiaries with SUD followed by an acute
		readmission within 30 days
	The demonstration will Reduce ED use for SUD	Number of ED visits for SUD
	The demonstration will increase treatment in	Number of IMD stays for SUD
	appropriate settings	Number of days of IMD treatment for SUD

Cost	The demonstration will Reduce Inpatient hos pitalization for SUD	Number of inpatient stays for SUD Number of days of inpatient hospitalization for SUD Average LOS of inpatient hospitalization for SUD
	The demonstration will Reduce ED use for SUD	Number of ED visits for SUD

Estimate of Expected Change in Annual Enrollment and Annual Aggregate Expenditures

For the period beginning with the proposed effective date of this amendment – October 1, 2020 through June 30, 2024 – DHHS projects that approximately between 58,000 and 85,000 adults newly eligible under expansion will be impacted annually by the authority provided under the proposed amendment.

DHHS estimates that additional annual expenditures authorized under the proposed amendment will be approximately between \$325,000 and \$470,000 over the October 1, 2020 and June 30, 2024 time period.

Neither the SUD demonstration nor the proposed amendment to the demonstration impact Medicaid eligibility.

Waiver and Expenditure Authorities

The demonstration program provides Nebraska with the expenditure authority to receive FFP for the coverage of SUD treatment-related stays in IMDs for adults age 21-64. More specifically, the authority allows the Department the flexibility to include in managed care capitation rate development IMD stays that exceed the 15-day limit found in 42 CFR 438.6(e).

The proposed amendment will extend this coverage to beneficiaries who are able-bodied adults age 19-64 with income up to 138% of the Federal Poverty Line (commonly referred to as the "adult expansion population" as defined in 42 CFR 435.119) beginning October 1, 2020.

The proposed amendment does not alter the demonstration waiver and expenditure authorities.

Public Notice and Tribal Consultation

Public comments on the 1115 SUD waiver amendment were accepted from April 27, 2020 to May 27, 2020.

The Department posted an abbreviated public notice for the 1115 waiver amendment on the Department's dedicated Medicaid public notice page: http://dhhs.ne.gov/Pages/Medicaid-Public-Notices.aspx

Comprehensive information on the 1115 waiver amendment including the draft amendment, full public notice, public hearing presentation, and public hearing agendas were made available on the

Department's dedicated SUD waiver webpage: http://dhhs.ne.gov/Pages/Substance-Use-Disorder-Demonstration.aspx

The Department's full public notice can be found at:

http://dhhs.ne.gov/Documents/MLTC%20SUD%20Amnd%20Notice.pdf

The Department's public hearing presentation can be found at:

http://dhhs.ne.gov/Documents/SUD%20Waiver%20Amd%20Presentation.pdf

Members of the public could submit written comments electronically at DHHS.SUDWaiver@nebraska.gov, by fax to 402-471-9092, or at the following address:

Department of Health and Human Services Division of Medicaid and Long-Term Care ATTN: Todd Baustert 301 Centennial Mall South P.O. Box 95026 Lincoln, Nebraska 68509-5026

The Department hosted two open public hearings where an overview of the 1115 waiver amendment was presented and public comments accepted. Due to public health measures in place as a result of the COVID-19 pandemic, both public hearings were conducted as online webinars and both public hearings included toll-free teleconference numbers. Details for the public hearings were posted on the dedicated waiver webpage, in the full and abbreviated public notices, and on the Nebraska State Government's public meeting calendar. The public hearing details are included in Figure 1. The agendas for both public hearings were made available on the dedicated waiver webpage and are included in Figure 3.

The Department directly notified program stakeholders of the opportunity to comment on the amendment. The initial notification was sent on April 27, 2020 and is included as Figure 2. A reminder notification was sent on May 22, 2020.

On April 27, 2020, the Department sent electronic notification to representatives of the state's federally recognized tribal organizations of the opportunity to review and comment on the waiver amendment. Tribal organizations were allowed 30 calendar days to provide comments with a comment deadline of May 27, 2020. Copies of the tribal notification and cover letter are included as Figure 4. The tribal notification included a copy of the full public notice.

Figure 1 – Public Hearings

Hearing/Meeting Date	Time	Webinar	Teleconference #	
Thursday, April 30, 2020	2:00pm – 3:00pm central time	Link to the Webinar	Toll-free conference line: 1-888-820-1398	
			Attendded Code: #7300221	
Wednesday, May 6, 2020	2:00pm – 3:00pm central time	Link to the Webinar	Toll-free conference line: 1-888-820-1398	

	Attendded Code: #7300221

Figure 2 - Stakeholder Notification

 $From: DHHS-MLTCS takeholder < \underline{DHHS-MLTCSTAKEHOLDER@LISTSERV.NEBRASKA.GOV} > On Behalf Of Dawn Kastens$

Sent: Monday, April 27, 2020 4:04 PM

To: DHHS-MLTCSTAKEHOLDER@LISTSERV.NEBRASKA.GOV

Subject: Nebraska Section 1115 SUD Waiver Amendment - Seeking public comments

Good afternoon,

The Nebraska Department of Health and Human Services (DHHS), Division of Medicaid and Long-Term Care (MLTC) is providing notice of our intent to submit to the Centers for Medicare and Medicaid Services (CMS) an amendment to the state's Section 1115 Medicaid Demonstration Waiver for Substance Use Disorder (SUD) Services. This amendment will extend the services outlined in the state's current SUD waiver to the adult expansion population.

DHHS will accept comments from the public on this proposed amendment through May 27, 2020.

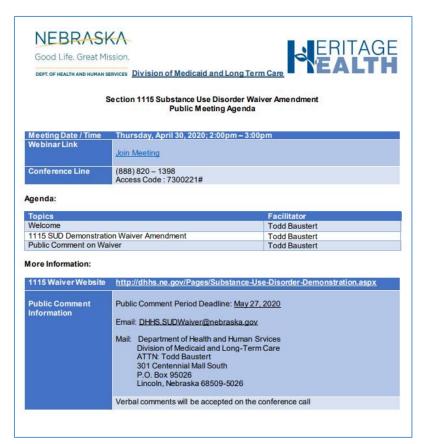
For more information, including a full copy of the state's public notice related to this proposed amendment, please visit our website at: http://dhhs.ne.gov/Pages/Substance-Use-Disorder-Demonstration.aspx.

To unsubscribe from the DHHS-MLTCSTAKEHOLDER list, click the following link:

https://listserv.nebraska.gov/Scripts/wa.exe?

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Figure 3 - Public Meeting Agendas



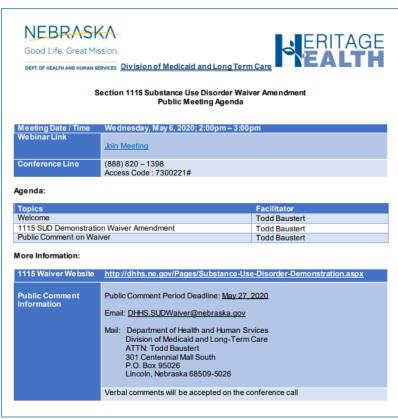
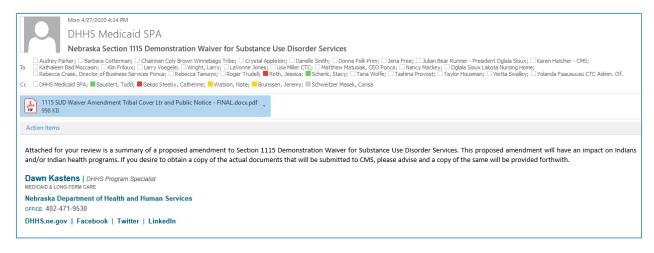
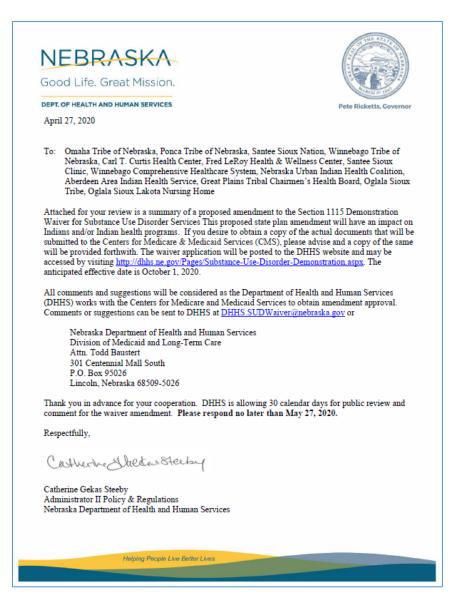


Figure 4 - Tribal Notifications





Summary of Public Notice Comments

The Department received no written comments throughout the public comment period; received no verbal comments during the two public hearings; and received no comments from tribal organziations.

Budget Neutrality

Nebraska SUD 1115 Waiver Budget Neutrality

In June 2019, Nebraska's Department of Health and Human Services (DHHS) received approval for a waiver of the 15-day monthly maximum on Substance Use Disorder (SUD) Institute for Mental Disease (IMD) utilization for non-Expansion members ages 21-64. Current regulations from the Center for Medicaid and Medicare Services (CMS) cap utilization at 15 days in a month. Research and data analysis indicate that frequently members require more than 15 days of residential treatment, and that an IMD is a more cost-effective setting for members to receive the care they need. DHHS requested an exemption from the 15-day maximum via the SUD 1115 Waiver that was approved by CMS on June 28, 2019.

Optumas assisted DHHS in modeling the initial estimates of SUD IMD utilization changes for the non-Expansion populations and the resulting budget neutrality calculations that were submitted to CMS in June 2019. Optumas has worked in conjunction with DHHS to update the SUD 1115 budget neutrality template for the following:

- 1. Non-Expansion Update existing budget neutrality calculations for two technical corrections:
 - a. Include Dental Managed Care capitation rates within the IMD members' historical experience
 - b. Update the demonstration years and corresponding trend months to reflect a 7/1/2019 implementation date
- 2. Expansion: Include estimates for the Medicaid Expansion population

The remainder of this document explains each of these updates in further detail.

Non-Expansion:

Dental Managed Care Capitation Rates

The costs included in the June 2019 budget neutrality template only reflected capitation payments made under the Heritage Health program, since this is the managed care program under which IMD stays are covered. Optumas has since received updated guidance from CMS in other programs that the costs included in the budget neutrality template should reflect all Medicaid expenditures incurred by a member during their IMD stay. As such, Optumas is amending the budget neutrality template to include Dental capitation payments. In an attempt to clearly itemize the impact of this update, Optumas has included the Dental expenditures under the "Alternate Development: IMD Services + Non-IMD & Non-Hypo CNOMs" section of the template, similar to how additional costs (such as the MMW and Methadone expenditures) have been handled in the past.

Demonstration Years

The original budget neutrality analysis for the initial waiver application assumed that the five-year SUD 1115 demonstration for the non-Expansion populations would begin on January 1, 2020 and end December 31, 2024. After completion of the original budget neutrality template, an earlier effective date of July 1, 2019 was established. A revised budget neutrality template was never submitted after the clarification in implementation date. Optumas has amended the

budget neutrality template and inherent trend months to reflect the demonstration years included within Table 1 below.

Table 1 -- Five-Year Demonstration Years

Demonstration Year (DY)						
DY1 DY2 DY3 DY4 DY5						
7/1/2019 -	7/1/2020 -	7/1/2021 -	7/1/2022 -	7/1/2023 -		
6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024		

Expansion:

In November 2018, Nebraska voters approved Initiative 427, electing the federal option to provide Medicaid coverage to otherwise ineligible adults up to 138% of the federal poverty level under the provisions of the Patient Protection and Affordable Care Act (ACA). Effective October 1, 2020, individuals eligible under Medicaid Expansion will be eligible for Nebraska Medicaid under the Heritage Health Adult (HHA) program. All HHA beneficiaries will be enrolled in managed care plans through DHHS' existing Heritage Health and Dental Benefits Program Manager (DBPM) programs.

DHHS is requesting an exemption of the 15-day monthly maximum on SUD IMD utilization for Expansion members ages 21-64. Optumas has amended the SUD 1115 budget neutrality template to include an estimate for the Expansion population. A description of the approach to developing SUD 1115 budget neutrality estimates for the Expansion population is included below. Like the non-Expansion population, the budget neutrality estimates have been structured as a hypothetical model.

Medicaid Eligibility Group (MEG)

In order to develop the budget neutrality estimates for the Expansion population, the first step was to group the 14 Expansion rating cohorts used within the Heritage Health program into two Expansion MEGs: "EXP - Non Medically Frail" and "EXP - Medically Frail". The crosswalk between rating cohorts and MEGs is included in Table 2 below.

Table 2 – MEG Crosswalk

Rating Region	COA	MEG
1	19-44 M - Prime	EXP - Non-Medically Frail
1	19-44 F - Prime	EXP - Non-Medically Frail
1	45-64 M&F - Prime	EXP - Non-Medically Frail
1	21-44 M - Basic	EXP - Non-Medically Frail
1	21-44 F - Basic	EXP - Non-Medically Frail
1	45-64 M&F - Basic	EXP - Non-Medically Frail
2	19-44 M - Prime	EXP - Non-Medically Frail
2	19-44 F - Prime	EXP - Non-Medically Frail
2	45-64 M&F - Prime	EXP - Non-Medically Frail
2	21-44 M - Basic	EXP - Non-Medically Frail
2	21-44 F - Basic	EXP - Non-Medically Frail
2	45-64 M&F - Basic	EXP - Non-Medically Frail
Statewide	Medically Frail 19-44	EXP - Medically Frail
Statewide	Medically Frail 45-64	EXP - Medically Frail

IMD Penetration Rate Estimates

Using emerging data submitted by the Heritage Health MCOs, Optumas calculated the penetration rate (unique IMD utilizers divided by unique eligible members) for the currently eligible Family and AABD rating cohorts during the July 2019 through November 2019 time period. A blend of the penetration rates for these two cohorts was used to approximate the SUD IMD penetration rate for the two Expansion MEGs. The same blending assumptions used to develop the October-December 2020 Heritage Health Expansion capitation rates were used to blend the Family and AABD SUD IMD penetration rates, shown in Table 3 below.

Table 3 – Penetration Rate Blending Assumptions

Rating Region	COA	AABD	Family
1	19-44 M	5.0%	95.0%
1	19-44 F	0.0%	100.0%
1	45-64 M&F	10.0%	90.0%
2	19-44 M	5.0%	95.0%
2	19-44 F	0.0%	100.0%
2	45-64 M&F	10.0%	90.0%
Statewide	Medically Frail 19-44	95.0%	5.0%
Statewide	Medically Frail 45-64	95.0%	5.0%

The blended penetration rate was then applied to the estimated Expansion member months for each Demonstration Year, resulting in an assumed IMD caseload for each DY for the two Expansion MEGs (shown in Table 4 below).

Table 4 – IMD Caseload Projections for Expansion MEGs

MEG	DY1	DY2	DY3	DY4	DY5
EXP - Non-Medically Frail	-	177	240	245	250
EXP - Medically Frail	-	36	49	50	51

Please note, Expansion goes live 10/1/2020. Therefore, there are no projected IMD MMs for SFY20 (DY1) or 1Q SFY21 (DY2 Caseload projections represent a partial year).

Expenditure Estimate

After completing the projection of future SUD IMD stays for the Expansion population, Optumas projected the prospective Heritage Health and Dental capitation rates that will be paid for each IMD member. These projections rely upon the recent development of the October – December 2020 Heritage Health capitation rates, as well as the October 2020 – June 2021 DBPM capitation rates for the Expansion population. Non-Medically Frail 21-64-year-old Expansion members will not initially be eligible for dental services, with the exception of pregnant women; as a result, Optumas only included an amount for projected Heritage Health capitation rates for the Non-Medically Frail MEG. For the Medically Frail MEG, Optumas has included a projection of both Heritage Health and DBPM capitation rates.

The capitation rates were then projected forward to each future DY using the President's Budget trend of 4.4%. The President's Budget trend is used due to the selection of Scenario 2 in the

Budget Neutrality template, which uses hypothetical cost development. The absence of actual cost information for the Without Waiver scenario necessitates the use of the President's Budget trend per the template instructions: "in the absence of historical data, CMS will apply the President's Budget trend".

Budget Neutrality Summary:

Since the budget-neutrality estimates have been structured as a hypothetical model, the "Without Waiver" estimates are the same as the "With Waiver" estimates. The budget neutrality estimates for the non-Expansion and Expansion MEGs are summarized in Table 5 below:

Table 5 – SUD 1115 Budget Neutrality Summary

	SUD 1115 Budget Neutrality Projections				
MEG	DY1	DY2	DY3	DY4	DY5
ABD	\$103,362	\$109,225	\$115,420	\$121,967	\$128,885
Dual	\$24,046	\$25,410	\$26,851	\$28,374	\$29,983
FAM	\$78,019	\$82,523	\$87,288	\$92,329	\$97,659
EXP - Non-Medically Frail	\$0	\$144,566	\$204,149	\$217,395	\$231,499
EXP - Medically Frail	\$0	\$73,636	\$103,986	\$110,732	\$117,917

The budget neutrality estimates are also contained within the accompanying budget neutrality template called "NE SUD 1115 Demonstration Amendment I - Budget Neutrality Template.xlsx."